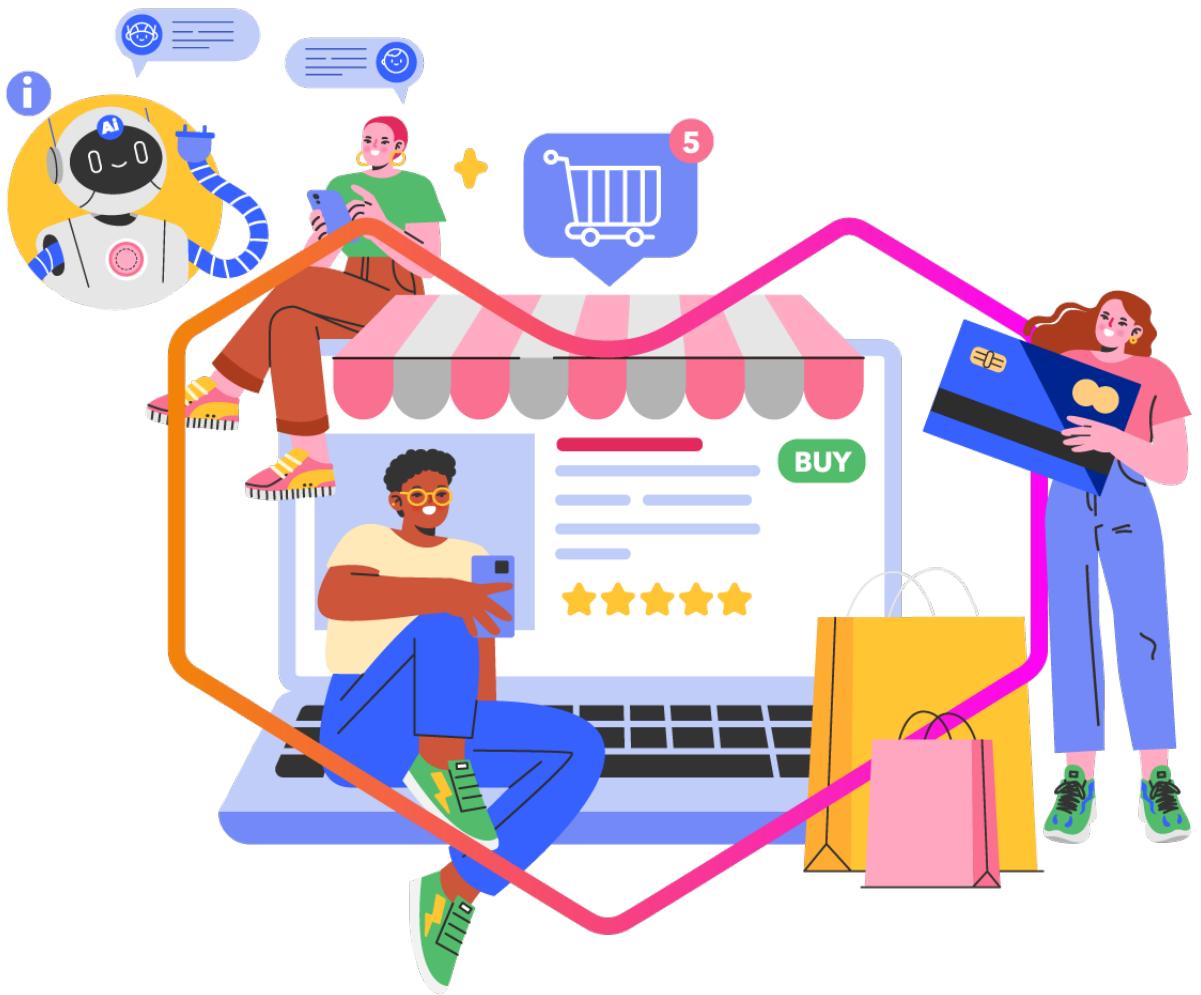


ARTIFICIAL INTELLIGENCE ADOPTION IN ECOMMERCE IN SOUTHEAST ASIA



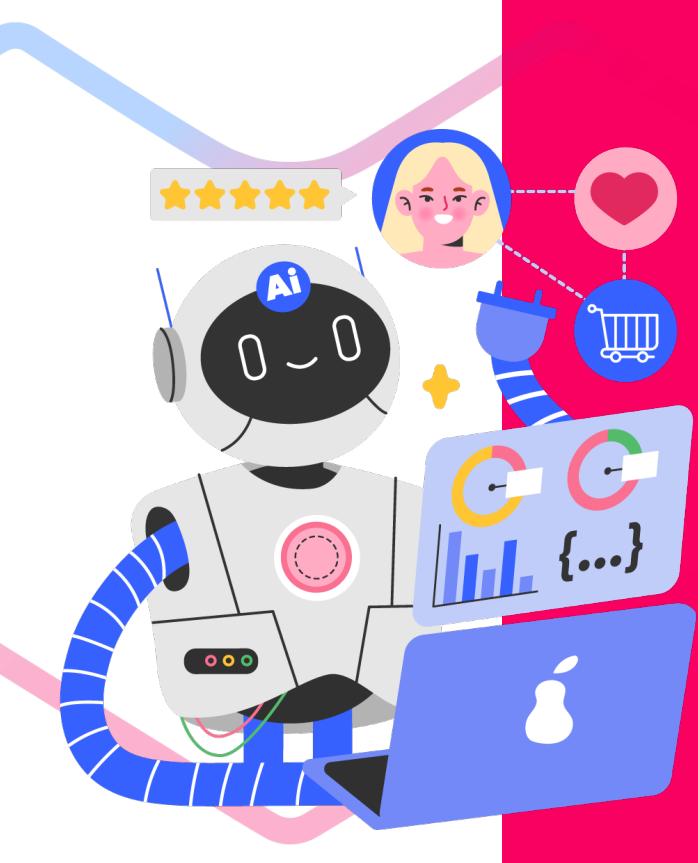
About this report

Today, online shopping has achieved unparalleled ease. With a simple tap, consumers can access millions of products worldwide, place orders in seconds, and often have items delivered to their doorsteps within hours, showcasing an era of unmatched convenience.

This progress has transformed the digital retail landscape, setting high standards for accessibility and speed.

Yet, Artificial Intelligence (AI) is taking the online shopping experience even further, redefining what consumers can expect from personalisation and efficiency. AI's influence is everywhere, optimising shopping journeys through tailored product recommendations, personalised deals, and real-time customer support. This innovation marks a new chapter, where AI's integration makes online shopping not only more accessible but also increasingly tailored to individual needs and preferences.

“Artificial Intelligence Adoption in eCommerce in Southeast Asia” is an eCommerce shopper sentiment report brought to you by Lazada, in partnership with Kantar Profiles. The ultimate goal of this report is to shed light into how Artificial Intelligence is perceived and utilised in Southeast Asia, specifically in their personal lives and in the context of online shopping.



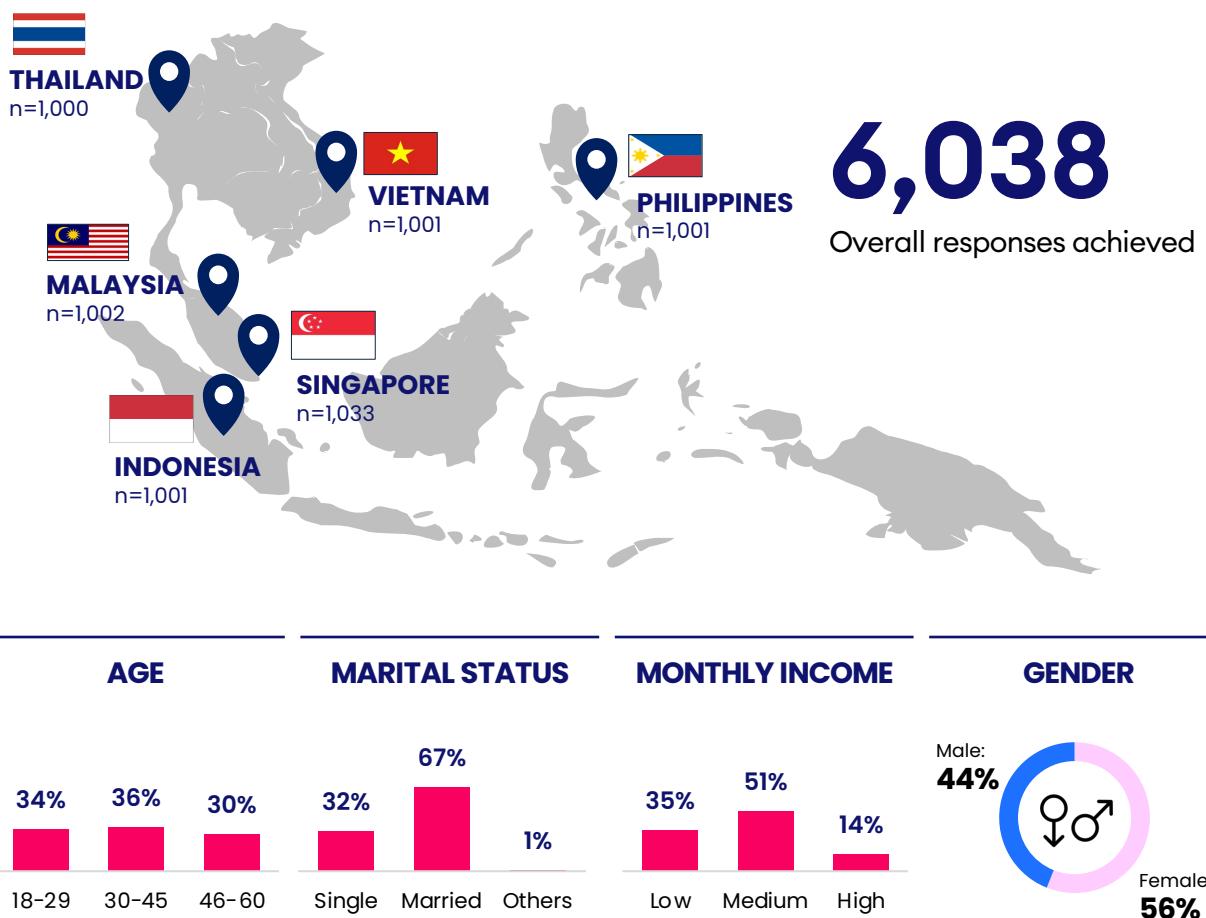
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Research methodology



To better understand Southeast Asia's perception and uptake of Artificial Intelligence, Lazada surveyed 6,038 eCommerce shoppers across genders, age groups and household income levels in six Southeast Asia countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Artificial Intelligence is redefining the shopping experience in Southeast Asia

Artificial intelligence (AI) is the new buzzword today. We encounter its influence daily, from our personal smart devices to even traditional kitchenware such as refrigerators and microwaves. Since the debut of AI chatbots in 2022, search and discovery have taken on a whole new meaning – results are not only expected to be instant and comprehensive, but personalised and concise. Creating a personalised experience, whether in spontaneous discovery or active search, has become a central tenet for online shopping.

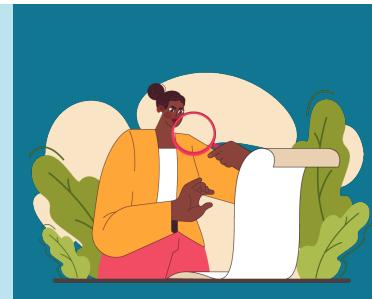
In a region that spends the most time online in the world, this paper aims to understand more about how Southeast Asia shoppers perceive and leverage AI in their daily lives, and how AI is used to power their online shopping experience.



01

Discovery

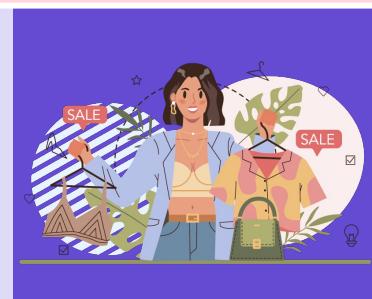
How shoppers use AI for information and inspiration



02

Dependability

How AI fosters customer trust and loyalty by enhancing user experience



03

Deals

How AI helps shoppers get the best value



04

Decision making

How AI helps shoppers make the smarter choice



05

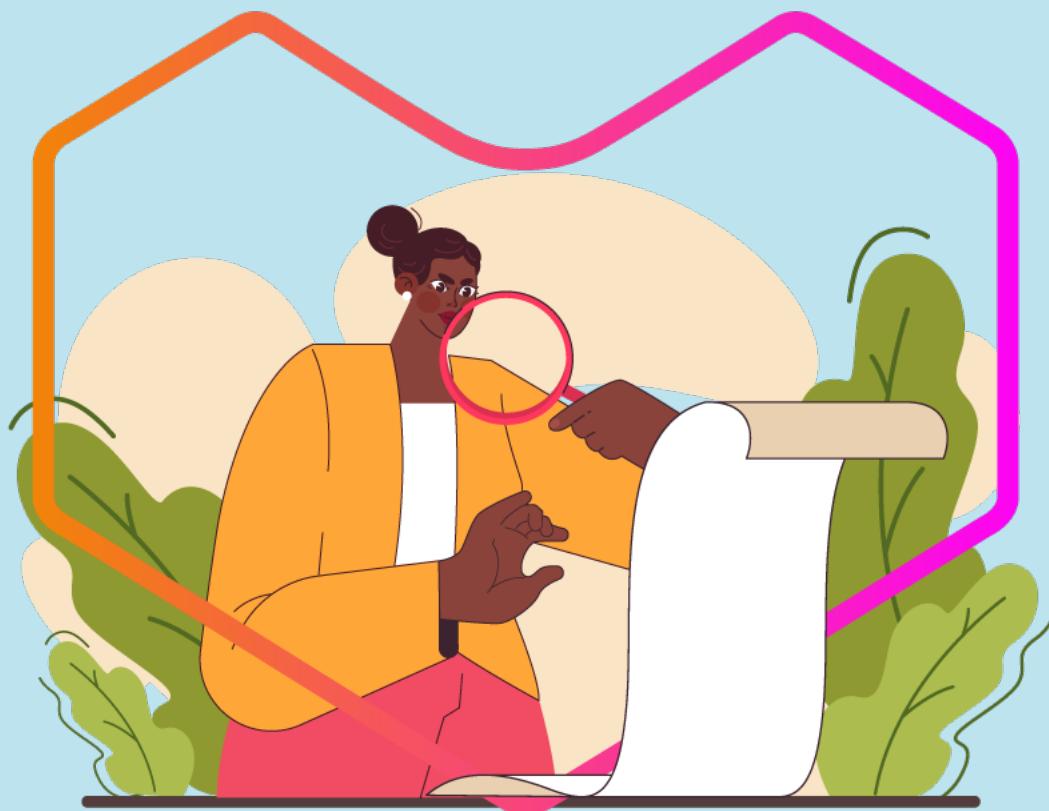
Way forward

How Lazada can support sellers with its AI-powered solutions

01

DISCOVERY

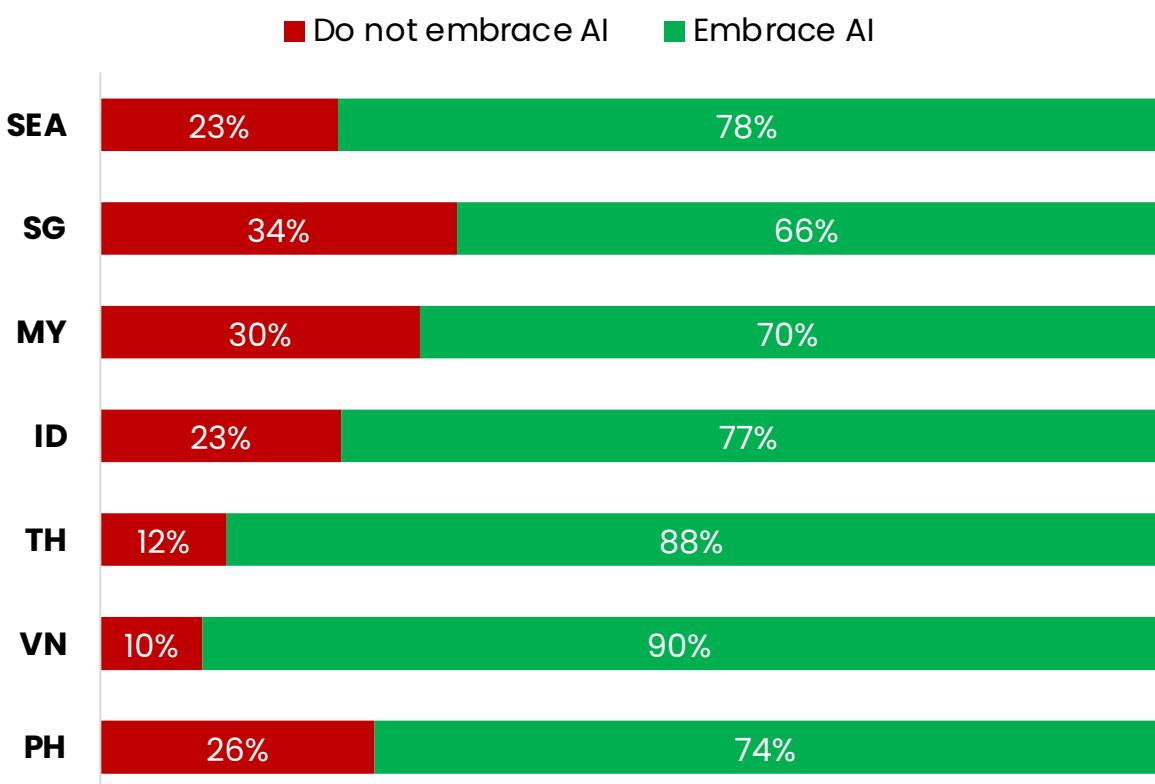
How shoppers use Artificial Intelligence
for information and inspiration



Artificial Intelligence is widely known in Southeast Asia, where 32% are using AI-powered apps every day

Artificial Intelligence has become an integral part of Southeast Asia shoppers today. Apart from frequent usage of AI-power apps, 78% shared that they embrace AI in their personal life, especially in Indonesia, Thailand and Vietnam, where high trust is placed on products and services that uses AI.

Adoption of Artificial Intelligence in personal life



Online shopping is most associated with high AI adoption; it is also the top reason among shoppers for embracing AI in their personal life

63%

Believes that AI is highly adopted in online shopping; this is significantly higher compared to other industries (37%)



While the Southeast Asia region agrees to the high AI adoption rate in online shopping, its adoption is perceived differently across different markets:



Seamless experience

"Online shopping is seamless from selecting product to checking out. Navigation has never been easier and even the return/refund process is much quicker."



Ease of discovery

"Because online shopping sites make it easier for us to get what we need without having to look for it ourselves directly in the store."



Ease of comparison

"Reduce time spent shopping directly but still have access to new products, diverse designs, compare prices between different sellers, consult other shoppers who have purchased"



Availability of new features

"Many new features in online shopping platform such as virtual skincare and can immediately comparing prices between sellers"



Virtual try-ons

"Technology such as AR for buying clothes, shoes or cosmetics help me to make better decisions and be more confident in buying products online."

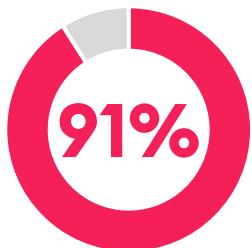


Relevant recommendations

"Online shopping platforms in the Philippines contains advanced navigation, you can find the product that you intend to purchase, they also recommend you products that is relevant to you"

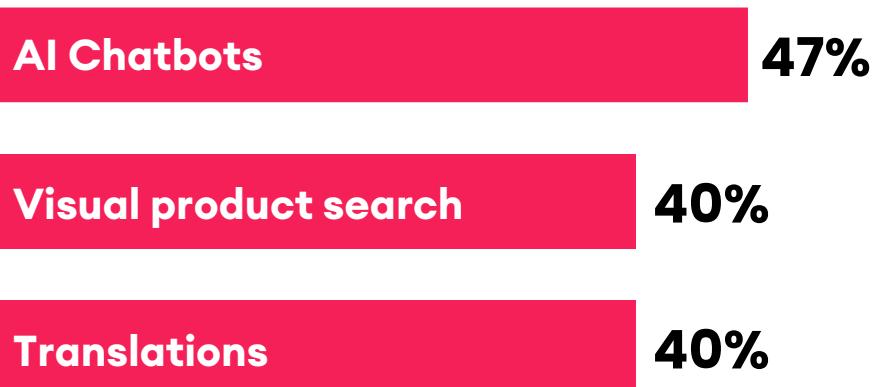
Artificial Intelligence is used in online shopping to save time from browsing and make a more informed purchase decision

Top benefits of using Artificial Intelligence



Southeast Asia shoppers are confident that Artificial Intelligence can identify products that are most relevant to them

AI-powered apps used during online shopping



Most commonly used AI-powered apps in online shopping are apps that support information gathering, especially those that save time in browsing or strengthen communication.

02

DEPENDABILITY

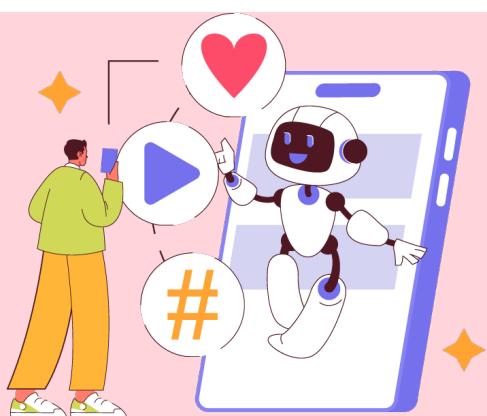
How Artificial Intelligence fosters customer trust and loyalty by enhancing user experience



With the integration of AI features into online shopping, shoppers are feeling more confident in using eCommerce platforms to enhance their shopping experience

80%

uses AI features on eCommerce platforms at least once a week, Vietnamese (92%) and Filipino (91%) shoppers show a higher frequency



88%

make purchasing decisions using AI-powered product recommendations

Confidence in Artificial Intelligence, encourages Southeast Asia shoppers to use AI-driven solutions throughout their shopping journey

Benefits of Artificial Intelligence in online shopping

AI-driven solutions provide the seamless, immediate assistance, which allow customers to feel supported and valued through their journey.



Improve delivery

Optimising delivery efficiency

49%



49%



Improving discovery

Enhancing product and service discovery

Improving customer service

Faster responses and solutions



Increase enjoyment

Increase ease of shopping online

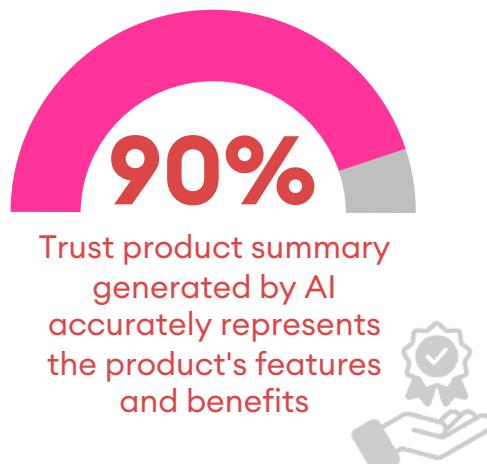
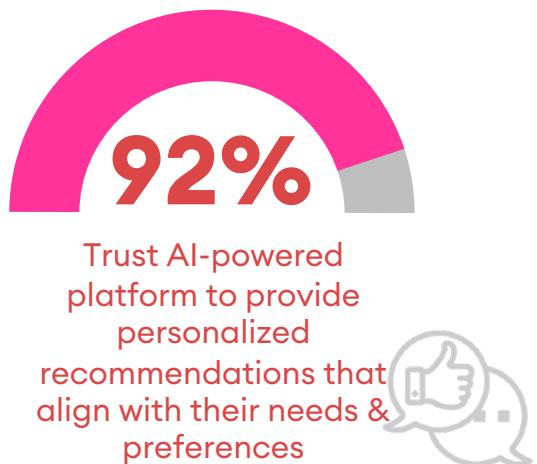
Southeast Asia shoppers are willing to pay more per transaction for an AI-powered shopping experience, which underscores the strong readiness in Southeast Asia for Artificial Intelligence

Willingness to pay more for AI-powered shopping



83% of Southeast Asia shoppers are willing to pay more for an AI-powered experience.

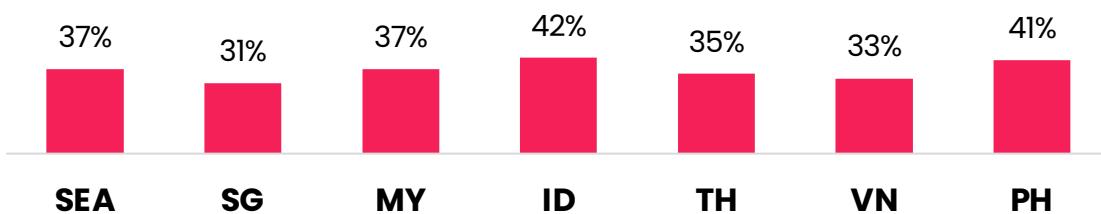
Trust towards Artificial Intelligence in online shopping



AI chatbots and visual product searches are most commonly used AI-powered features in online shopping

Apart from being most commonly used, **AI chatbots** and **visual product** searches are also AI-powered apps that Southeast Asia shoppers find **most helpful** in their online shopping journey. AI chatbot usage is highest in **Indonesia** and **the Philippines**.

Find AI chatbots most helpful



Similar to the top usage occasion for Artificial Intelligence seen previously, AI chatbots are most often used to **acquire information**, especially in learning about product availability, delivery status and membership details.

Top usage scenarios for AI chatbots



73% Enquiring product availability



70% Getting information about delivery status



66% Learning about rewards & membership

While AI chatbots are perceived to be the most helpful feature in online shopping, majority are only using it for customer support

Despite having the highest share of usage, Southeast Asia shoppers are **not fully aware of AI chatbots' capabilities**, and are mainly associating it with faster customer support.

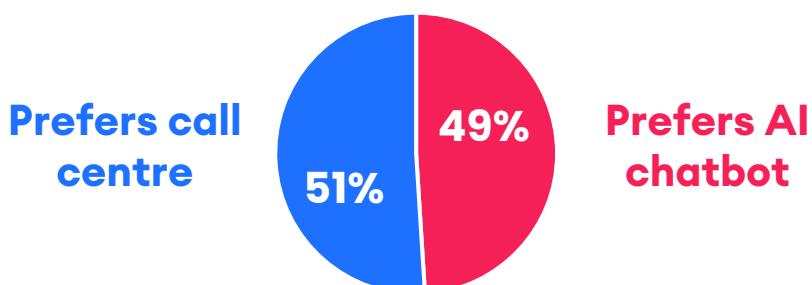
Reasons for using AI chatbot

- 1 Faster customer support
- 2 24/7 availability
- 3 More informed purchase decision
- 4 Consistent services
- 5 Personalised shopping experience



Southeast Asia shoppers are also **less likely to use AI chatbots when they face issues in their orders or require assistance for problem solving**. Such perception will be a critical gap to resolve for Southeast Asia shoppers to harness the full potential of AI in online shopping.

Reporting a problem with delivered item



03

DEALS

How Artificial Intelligence helps shoppers
get the best value



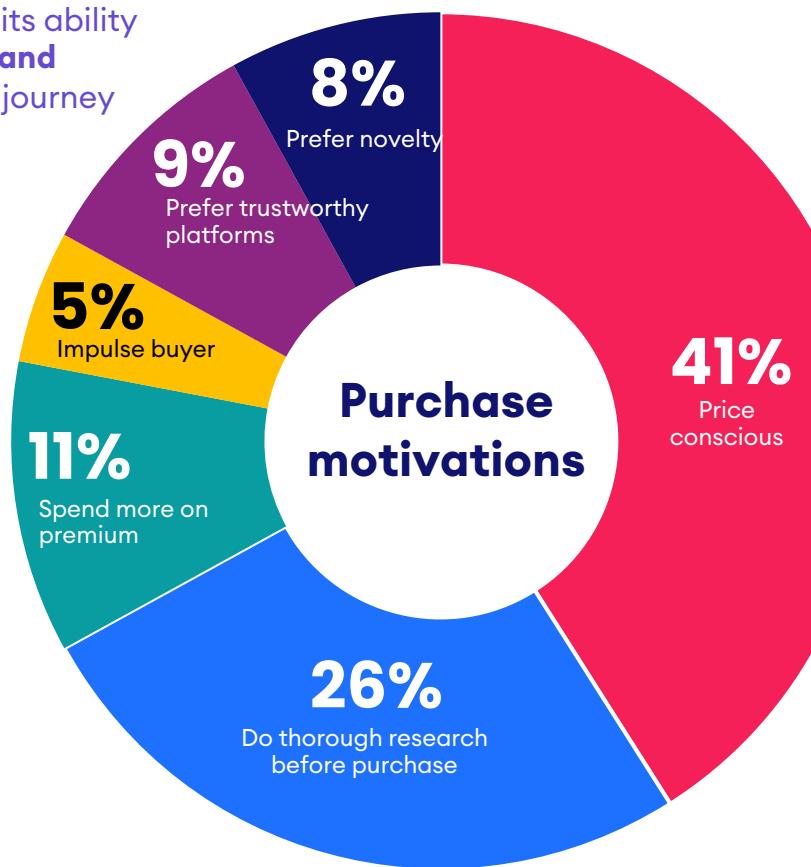
Apart from providing timely customer support, AI-powered features are also an effective tool for price-conscious Southeast Asia shoppers to find the right products within their budget

When asked about top motivations when it comes to online shopping, Southeast Asia shoppers unanimously highlighted **price comparison** and **thorough research** as key drivers for purchase.

While AI chatbots are currently associated for its customer support function, its ability to be a **personal curator of deals and discounts** will ensure the shopper journey becomes more seamless and fuss-free.

49% 

of Southeast Asia shoppers indicate price comparison as one of the most preferred features on an eCommerce platform.



Missing vouchers and discounts is the top pain point for price-conscious shoppers, who also highlight competitive pricing as the top reason for staying loyal to a platform

Top pain points in online shopping



Factors that encourage repeated purchase

On top of competitive pricing, Southeast Asia shoppers also seek to balance that with quality of products, which underscores the importance of research and price comparison in the Southeast Asia region.



04

DECISION MAKING

How Artificial Intelligence helps shoppers make the smarter choice



With an emphasis on quality product at the best pricing, shoppers are highly research-oriented and seek out reviews in their search process.

Preferred features in online shopping



51%	Seller or product reviews
51%	Rewards and loyalty points
49%	Ease of product search

To ascertain quality, Southeast Asia shoppers generally rely on seller or product reviews. However, going through thousands of reviews will be a time consuming and difficult task, especially for time-strapped shoppers.

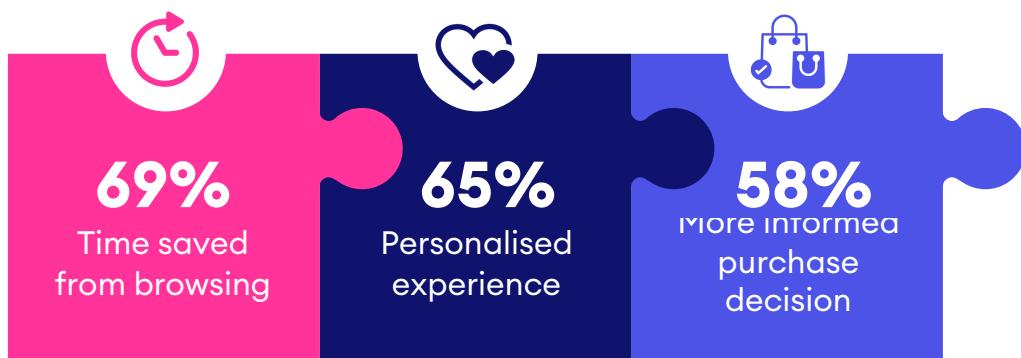
Motivated by research

Apart from being price conscious, Southeast Asia shoppers are also research savvy (2nd after price) and will look at multiple sources to get the best deal.



Apart from reviews, Southeast Asia shoppers also turn to personalised recommendations for more customised content in helping them make an informed purchase decision

Top occasions for using personalised recommendations



Personalised recommendations are deemed to be time saver for Southeast Asia shoppers and offer support in making a smarter choice. While uptake of personalised recommendations is still low, the top usage occasions among existing users show the potential it has in helping shoppers navigate through the myriad of online content.

05

WAY FORWARD

How Lazada can support sellers with its
AI-powered solutions



AI Lazzie emerges as a much-needed personal shopper to address the pain points and gaps that Southeast Asia shoppers experience today

To strike a balance between price and quality, AI Lazzie presents as an AI-powered solution to address the unmet needs among Southeast Asia shoppers. With the support of Artificial Intelligence, AI Lazzie is able to:

Features of AI Lazzie

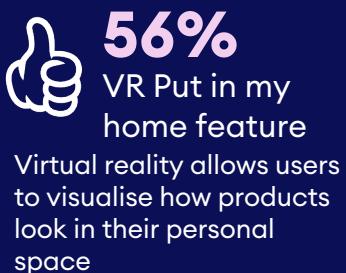


Beyond reviews and personalised recommendations, Lazada has several other AI-powered offerings that can provide a deeper insight into beauty and fashion product fit

Shoppers who are very satisfied with Lazada AI features



Apart from the popular AI chatbots and image search, other Lazada AI-powered features have attained strong satisfaction and positive feedback





Lazada